

The Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

JASON MOOMJY, Individually and On Behalf
of All Others Similarly Situated,

Case No. 2:11-cv-00726-RSL

CLASS ACTION

RESPONSE TO THE OBJECTION OF MARK P. HANSON

NOTE ON MOTION CALENDAR:

ORAL ARGUMENT REQUESTED

HQ SUSTAINABLE MARITIME
INDUSTRIES, INC., NORBERT SPORNS and
JEAN-PIERRE DALLAIRE, *et al.*,

Defendants.

**RESPONSE TO THE OBJECTION OF MARK P.
HANSON (11-726-RSL)**

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1 Lead Plaintiff Trigon Emerging Agri-Sector Fund (the “Trigon Fund” or “Lead
 2 Plaintiff”) hereby responds to an objection to the Settlement¹ received from Mark P. Hanson,
 3 dated March 5, 2013 (“the “Objection”) (Dkt. No. 150).

4 Mr. Hanson filed an objection to the Settlement because 1) he “believe[s] a clear case of
 5 fraud can be made against the Defendants, in particular Norbert Sporns”; and 2) “the amount of
 6 the [S]ettlement is insufficient to adequately compensate for the losses incurred by individuals
 7 like me.” As set forth below, Lead Counsel has thoroughly reviewed the materials that Mr.
 8 Hanson submitted and also spoke with him on March 12, 2013 regarding his concerns. By the
 9 end of that call, Mr. Hanson stated that he appreciated hearing Lead Counsel’s explanation of
 10 why Lead Plaintiff agreed to the Settlement, and further stated that if Lead Plaintiff, who
 11 possessed the largest financial interest in the action, did not object to the Settlement, then he
 12 would not object to it either.

13 Nevertheless, Lead Plaintiff feels compelled to respond to Mr. Hanson’s objection. First,
 14 as a factual matter, Mr. Hanson relies on sources for his objection that Lead Counsel consulted
 15 prior to filing the Amended Complaint (Dkt. No. 93). *See, e.g.*, Amended Complaint at ¶¶ 15,
 16 94-96, 137-38 (HQSM’s 3Q 2010 Form 10-Q and information obtained from CW-2). Mr.
 17 Hanson’s submission alters neither Lead Counsel’s nor Lead Plaintiff’s view of the strength of
 18 the action. Second, as a legal matter, and of critical importance, Mr. Hanson’s “facts” provide
 19 no evidence that Defendants could withstand a greater judgment. As explained at length in the
 20 Declaration of Julie G. Reiser in Support of: (1) Lead Plaintiff’s Motion for Final Approval of
 21 Class Action Settlement and Plan of Allocation; and (2) Lead Plaintiff’s Application for Award
 22 of Attorneys’ Fees and Reimbursement of Expenses (“Reiser Decl.”) (Dkt. No. 149), Lead
 23 Plaintiff has evidence of the opposite, namely that if Defendants were compelled to contribute a
 24 greater amount, the Settlement could not have been achieved and Class Members would receive

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 26¹ Mr. Hanson has not objected to the Plan of Allocation or to Plaintiff’s Counsel’s
 application for an award of attorneys’ fees and reimbursement of expenses.

1 nothing. Indeed, Defendants ultimately contributed ***nothing*** to the Settlement, even after they
 2 had voluntarily agreed to contribute; rather, the Settlement was funded entirely by HQSM's
 3 insurers and its directors' and officers' insurers. Reiser Decl. ¶¶ 13-14. To be clear: if
 4 Defendants' insurers were unable to extract the modest amount from the Company that it had
 5 voluntarily agreed to contribute to the Settlement, it stands to reason that Lead Counsel could not
 6 extract a greater amount in Settlement – nor is it likely that a greater amount could be collected
 7 from a Company that appears to be non-existent after trial and appeals. The fact that HQSM has
 8 been delisted from the New York Stock Exchange, has not made filings with the SEC since
 9 2011, and no longer has business operations in the United States all support the conclusion that it
 10 lacks liquidity. In sum, there is no evidence that the Company could contribute *any* amount to a
 11 Settlement, much less an amount greater than the Parties negotiated.

12 Lead Plaintiff appreciates, and shares, Mr. Hanson's concerns regarding the magnitude of
 13 the losses incurred by HQSM's shareholders. Nevertheless, for the reasons set forth in this
 14 Response as well as in Lead Plaintiff's prior submissions to the Court, Lead Plaintiff respectfully
 15 submits that the Court should grant final approval of the Settlement.

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17 Dated: March 14, 2013

KELLER ROHRBACK L.L.P.

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/s/ Elizabeth A. Leland

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CERTIFICATE OF SERVICE

I hereby certify that on March 14, 2013, I electronically filed the foregoing paper with the Clerk of the Court using the ECF system which will send notification of such filing to the following ECF participants:

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